

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

UNITED STATES COURTS  
SOUTHERN DISTRICT OF TEXAS  
FILED

JUL 12 2007

Michael N. Milby, Clerk of Court

UNITED STATES OF AMERICA

v.

JOHN N. EHRMAN

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§  
§  
§  
§

CRIMINAL NO. H-07-

**H 07 - 290**

INDICTMENT

THE GRAND JURY CHARGES:

**Sealed**

Public and unofficial staff access  
to this instrument are  
prohibited by court order.

COUNTS 1-10  
Securities Fraud

[17 C.F.R. § 240.10b-5; 15 U.S.C. §§ 78j(b), 78ff; and 18 U.S.C. § 2]

**A. INTRODUCTION**

At all times relevant to this Indictment:

1. JOHN N. EHRMAN was President, Chief Executive Officer, a director, and a controlling shareholder of Rocky Mountain Energy Corporation, a Nevada corporation that claimed to be a producer of domestic oil and gas. Its principal place of business was located in Houston, Texas. Rocky Mountain had few assets, and it reported zero revenues from its business operations.
2. Rocky Mountain was a publicly traded company. Shares of its common stock were quoted on the OTC Bulletin Board operated by the National Association of Securities Dealers, Inc. (NASD), and were purchased, held, and sold by investors across the United States.
3. Shares of stock represent an interest in a corporation's worth. The value of a

share depends on the profitability or future prospects of the corporation which issued it. Usually, as the profitability or prospects of a corporation rise, so does the price of its stock; if it declines, so does the stock.

4. Shares of Rocky Mountain stock constituted “securities” within the meaning of the federal securities laws. Rocky Mountain and its officers, directors, and employees were required to comply with the federal securities laws and the rules and regulations promulgated thereunder by the United States Securities and Exchange Commission (SEC). Those laws and regulations protect members of the investing public by, among other things:
  - a. Regulating the process by which companies offer and sell their securities to the public;
  - b. Requiring that companies fully and fairly disclose information concerning their finances and business operations to the public;
  - c. Requiring beneficial owners of large blocks of stock to disclose their ownership to the public; and
  - d. Requiring companies’ insiders to disclose changes in their stock ownership to the public.
5. EHRMAN controlled Rocky Mountain’s day-to-day operations. He negotiated purported acquisitions and financing arrangements and, on behalf of Rocky Mountain, provided shareholders and members of the investing public with information concerning Rocky Mountain’s activities, results, and future prospects through various methods, including in Rocky Mountain’s public filings with the

SEC and in press releases and other corporate announcements.

6. Members of the investing public evaluated and relied upon the information EHRMAN provided in deciding whether to purchase, sell, or hold shares of Rocky Mountain stock.

#### **B. THE FRAUDULENT SCHEME**

7. Beginning on or about June 1, 2002 and continuing to on or about April 3, 2003, in the Houston Division of the Southern District of Texas and elsewhere, JOHN N. EHRMAN, defendant herein, did willfully, unlawfully, and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce, the mails, and the facilities of a national securities exchange, use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities issued by Rocky Mountain, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon the purchasers and sellers of Rocky Mountain securities and the investing public, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5; Title 15, United States Code, Sections 78j(b) and 78ff; and Title 18, United States Code, Section 2.

#### **C. THE METHOD AND MEANS OF THE FRAUDULENT SCHEME**

8. EHRMAN would and did engage in a fraudulent scheme to:

- a. Acquire control of shares of Rocky Mountain common stock that did not bear a restrictive legend by causing Rocky Mountain to file documents with false and misleading statements in the District Court of Utah;
- b. Manipulate the share price of Rocky Mountain stock through a series of materially false and misleading public statements concerning purported acquisitions of private oil and gas companies and properties, including purported financing for the acquisitions;
- c. Sell and direct others to sell or transfer these shares of Rocky Mountain stock, without disclosing it to the investing public, to enrich himself and others; and
- d. Use these shares in the place of money to pay for services, some of which promoted and perpetuated the fraudulent scheme, without disclosing it to the investing public.

**EHRMAN Gains Control of a Publicly-Traded Company**

- 9. On or about May 23, 2002, EHRMAN would and did cause Cavallo Energy Corporation to be organized in Texas, purportedly for the purpose of acquiring and developing oil and gas properties.
- 10. On or about May 29, 2002, EHRMAN would and did cause Cavallo to merge into Emission Control Devices, Inc., a Nevada shell corporation whose common stock was quoted on the OTC Bulletin Board. After the reverse merger between Cavallo and Emission Control Devices, EHRMAN caused the surviving entity to be renamed Rocky Mountain Energy Corporation.

### **The Purported BC&D Oil Acquisition**

11. On or about June 1, 2002, EHRMAN, on behalf of Rocky Mountain, would and did agree to purchase several oil and gas leases from BC&D Oil and Gas Corporation, a privately held New Mexico corporation, for \$4.5 million, payable in the form of \$2.5 million in cash and \$2 million worth of Rocky Mountain common stock. The closing date was scheduled for June 28, 2002.
12. On or about June 27, 2002, the day before the scheduled closing, EHRMAN would and did cause Rocky Mountain to file a petition in a Utah state court for a fairness hearing on the terms and conditions of the acquisition, stating that Rocky Mountain sought to acquire all of the issued and outstanding stock of BC&D in exchange for 10,025,000 shares of Rocky Mountain common stock.
13. In the petition, Rocky Mountain would and did falsely state that Donnie Hill, Sr., (BC&D's president and sole shareholder), W. Roderick Johnson (Rocky Mountain's general counsel and EHRMAN's long-time attorney), and Michael L. Labertew (a Utah lawyer), constituted all of BC&D's shareholders, when in fact neither Johnson nor Labertew were BC&D shareholders.
14. Furthermore, on or about July 3, 2002, pursuant to the hearing, Rocky Mountain would and did file with the Utah court a consent and waiver document which falsely stated that Johnson was a BC&D shareholder, when in fact he was not.
15. Based on the petition and at the conclusion of the hearing, the Utah court issued an order finding that Rocky Mountain's plan to issue and exchange shares was fair to BC&D's shareholders and did not constitute a public securities offering by

Rocky Mountain.

16. Rocky Mountain did not close the BC&D Oil acquisition on June 28, 2002 as scheduled. On or about July 8, 2002, EHRMAN nevertheless would and did cause Rocky Mountain to issue 10,025,000 shares of Rocky Mountain common stock, which did not bear a restrictive legend, with 8,000,000 shares supposedly to go to Hill, 2,000,000 to Johnson, and 25,000 to Labertew.
17. On or about July 17, 2002, EHRMAN caused Rocky Mountain to issue a press release touting the purported BC&D Oil acquisition. The press release would and did contain materially false and misleading statements, including:
  - a. Rocky Mountain had purchased BC&D's assets, when in fact it had not completed the acquisition; and
  - b. Rocky Mountain used a \$40 million credit line provided by Marathon USA for the acquisition, when in fact Rocky Mountain had not obtained funding from Marathon, or any other source, for the acquisition.
18. On or about August 16, 2002, EHRMAN caused Rocky Mountain to issue a second press release touting the purported BC&D Oil acquisition. The press release would and did contain materially false and misleading statements, including:
  - a. A development program would begin on the Hospah field acquired recently from BC&D, when in fact Rocky Mountain had not completed the acquisition; and
  - b. A quote attributed to Hill in which he purports to have asked Rocky

Mountain if he could take payment in the form of 5 million shares of stock in lieu of \$2.5 million in cash, when in fact Hill did not agree to take Rocky Mountain stock in lieu of the agreed \$2.5 million cash payment.

19. Furthermore, in both the July 17, 2002 and August 16, 2002 press releases, Rocky Mountain would and did omit to disclose to the investing public that it had issued 10,025,000 purportedly “free-trading” shares of Rocky Mountain stock in connection with the purported BC&D acquisition, reducing the value of shares held by the investing public.
20. On or about September 11, 2002, Hill sent a letter to EHRMAN stating that Rocky Mountain was in default of its purchase agreement and that he would terminate the transaction if he did not receive payment by September 13, 2002. Rocky Mountain, however, never completed the BC&D acquisition, and the transaction was terminated.
21. Rocky Mountain would and did continue to mislead the investing public by omitting to disclose that it had not completed the BC&D acquisition until on or about January 2, 2003, when it disclosed that fact in an 8-K report it filed with the SEC.
22. The 8-K report, however, would and did contain materially false and misleading statements, including:

The BC&D acquisition had been based on the transfer of 5,000,000 shares of Rocky Mountain corporate stock, which it received back, when in fact 10,025,000 shares were issued in connection with the purported

acquisition, which Rocky Mountain did not receive back.

23. Concurrent with Rocky Mountain's materially false and misleading public statements in connection with the purported acquisition, the price and trading volume of Rocky Mountain shares increased. On August 2, 2002, shares of Rocky Mountain stock reached \$.59, giving the corporation a market capitalization of approximately \$17.6 million even though it had little to no cash, no revenue, and no track record of success.
24. In this artificially inflated and supported market, EHRMAN, unbeknownst to the investing public, would and did exercise control of millions of purportedly "free-trading" shares of Rocky Mountain stock.
25. Of the 10,025,000 shares issued in connection with the purported BC&D acquisition, 8,000,000 supposedly were to go to Hill. EHRMAN would and did use 6,000,000 of these shares to compensate two stock promoters who purportedly performed public-relations services for Rocky Mountain.
26. EHRMAN would and did give the remaining 2,000,000 shares to Johnson, who deposited these along with the 2,000,000 shares Johnson personally received in the BC&D transaction into an "escrow" brokerage account.

#### **The Purported United States Oil Acquisition**

27. On or about July 22, 2002, EHRMAN, on behalf of Rocky Mountain, would and did sign an agreement to acquire all of the issued and outstanding stock of United States Oil Company, a privately held Colorado corporation controlled by Stephen Lieberman, a Rocky Mountain director, for approximately \$23 million, payable in



- the form of \$3 million in cash and 20,000,800 shares of Rocky Mountain stock.
28. On or about August 15, 2002, EHRMAN would and did cause Rocky Mountain to file a petition in a Utah state court for a fairness hearing on the terms and conditions of the acquisition, stating that Rocky Mountain sought to acquire all of the issued and outstanding stock of U.S. Oil in exchange for 20,000,800 shares of Rocky Mountain common stock.
  29. In the petition, Rocky Mountain would and did falsely state that Lieberman, Labertew, Kelly Adams, and Pete Falvo constituted all of U.S. Oil's shareholders, when in fact Labertew, Adams, and Falvo were not U.S. Oil shareholders.
  30. Furthermore, on or about August 15, 2002, pursuant to the hearing, Rocky Mountain would and did file with the Utah court consent and waiver documents which falsely stated that Adams and Falvo were U.S. Oil shareholders, when in fact they were not.
  31. Based on the petition and at the conclusion of the hearing, the Utah court issued an order finding that Rocky Mountain's plan to issue and exchange shares was fair to U.S. Oil's shareholders and did not constitute a public securities offering by Rocky Mountain.
  32. On or about August 29, 2002, EHRMAN would and did cause Rocky Mountain to issue 20,000,800 shares of Rocky Mountain common stock, which did not bear a restrictive legend, with 18,725,800 shares supposedly to go to Lieberman, 595,000 to go to Adams, 595,000 to go to Falvo, and 85,000 to go to Labertew.
  33. Shortly thereafter, EHRMAN would and did cause Lieberman to receive only

250,000 of the 18,725,800 shares, with the remainder going to Johnson.

34. On or about October 3, 2002, EHRMAN caused Rocky Mountain to issue a press release touting the purported U.S. Oil acquisition. The press release would and did contain materially false and misleading statements, including:

Rocky Mountain closed the acquisition of U.S. Oil, claiming that it paid \$2.9 million, with \$200,000 in cash due on or before November 15, 2002, and delivery of a \$2.7 million convertible note bearing interest at 2% annum for two years, when in fact the acquisition had not closed.

35. On or about November 5, 2002, EHRMAN caused Rocky Mountain to issue a second press release touting the purported U.S. Oil acquisition. The press release would and did contain materially false and misleading statements, including:

Rocky Mountain had acquired gas reserves and fields from U.S. Oil, when in fact the acquisition had not closed.

36. The November 5, 2002 press release would and did quote EHRMAN as stating that based on the value of properties acquired from U.S. Oil, “it is absurd for our stock to be trading” between \$.04 and \$.05 per share.

37. In both the October 3, 2002 and November 5, 2002 press releases, Rocky Mountain would and did omit to disclose to the investing public that it had issued 20,000,800 purportedly “free-trading” shares of Rocky Mountain stock in connection with the purported U.S. Oil acquisition, reducing the value of shares held by the investing public.

38. Rocky Mountain did not make the \$200,000 cash payment on or before November

15, 2002, and in fact it never closed the U.S. Oil acquisition because it was unable to make this payment.

39. Rocky Mountain would and did continue to mislead the investing public by omitting to disclose that it had not closed the U.S. Oil acquisition until on or about January 2, 2003, when it disclosed in its 8-K report filed with the SEC that it had not made the \$200,000 cash payment.
40. The 8-K report, however, would and did contain materially false and misleading statements, including:

Rocky Mountain paid for the U.S. Oil acquisition with a \$200,000 short-term note and a \$2.7 million 2-year convertible note, when Rocky Mountain omitted to disclose that it issued 20,000,800 purportedly “free-trading” shares in connection with the purported acquisition.

41. Rocky Mountain’s annual 10-KSB report, filed with the SEC on or about January 14, 2003, also contained materially false and misleading statements, including:

As of September 30, 2002, Rocky Mountain had issued 57,983,061 shares, but that only 24,747,373 shares were outstanding, when in fact all of the approximately 58 million shares were outstanding, including the shares issued to Johnson as a result of the purported U.S. Oil and BC&D acquisitions.

#### **The H&N, L.L.C. Acquisition**

42. On or about November 26, 2002, EHRMAN, on behalf of Rocky Mountain, would and did agree to purchase oil and gas properties from H&N, L.L.C., an

Oregon company, in return for 1 million shares of Rocky Mountain common stock.

43. On or about December 3, 2002, EHRMAN caused Rocky Mountain to announce the acquisition of the H&N properties. The announcement would and did contain materially false and misleading statements, including:

Rocky Mountain had paid \$150,000 in cash, when in fact it had purchased the H&N properties for 1 million shares of Rocky Mountain stock.

44. On or about December 17, 2002, EHRMAN would and did cause Rocky Mountain to file a petition in a Utah state court for a fairness hearing on the terms and conditions of the acquisition, stating that Rocky Mountain sought to acquire all of the issued and outstanding stock of H&N in exchange for 10,150,000 shares of Rocky Mountain stock.
45. In the petition, Rocky Mountain would and did falsely state that Johnson, Peter Shames, Howard Houston, Omni National Corporation, and Labertew constituted all of the members of H&N, when in fact Johnson, Omni National, and Labertew were not H&N members or shareholders.
46. Furthermore, on or about January 2, 2003, pursuant to the hearing, Rocky Mountain would and did file with the Utah court:
- a. Consent and waiver documents falsely stating that Johnson and Omni National were H&N members, when in fact they were not; and
  - b. A consent and waiver document appearing to have been signed by Howard Houston which falsely stated that Johnson, Omni National, and Labertew

were H&N shareholders, when in fact they were not.

47. Based on the petition and at the conclusion of the hearing, the Utah court issued an order finding that Rocky Mountain's plan to issue and exchange shares was fair to H&N's members and did not constitute a public securities offering by Rocky Mountain.
48. On or about January 6, 2003, EHRMAN would and did cause Rocky Mountain to issue 10,150,000 shares of Rocky Mountain common stock, which did not bear a restrictive legend.
49. EHRMAN would and did also cause the number of purported H&N members or shareholders to expand from 5 to 11. The additional purported members or shareholders included EHRMAN family members and Rocky Mountain employees.
50. EHRMAN would and did cause shares, which were supposedly to go to his family members and to Rocky Mountain employees, to be deposited into one of Johnson's brokerage accounts, in addition to the 1 million shares Johnson personally received in the H&N transaction.
51. Rocky Mountain would and did omit to disclose that it issued 10,150,000 purportedly "free-trading" shares in connection with the H&N acquisition in its annual 10-KSB report, filed with the SEC on or about January 14, 2003, and in its quarterly 10-QSB report, filed with the SEC on or about February 14, 2003, causing disclosures in the reports concerning H&N to be materially false and misleading.

52. Moreover, in the February 14, 2003 10-QSB report, Rocky Mountain would and did falsely state that as of December 31, 2002, it had 26,546,373 outstanding shares, when in fact it had nearly 55 million shares outstanding as of the end of 2002, including the shares in Johnson's brokerage accounts.

**The Residential Resources Inc., Press Releases**

53. On or about November 5, 2002, EHRMAN, on behalf of Rocky Mountain, would and did reach an agreement with Residential Resources Financial Services, Inc. by which Residential Resources might have assisted Rocky Mountain with looking for funding to acquire oil and gas properties. The agreement called for Rocky Mountain to pay a non-refundable \$50,000 fee to Residential Resources before Residential would begin to perform due diligence on potential Rocky Mountain acquisitions. Once Residential Resources completed its due diligence, the agreement called for Residential to help Rocky Mountain obtain up to \$100 million to finance acquisitions in exchange for a non-refundable \$100,000 fee from Rocky Mountain.
54. On or about November 12, 2002, EHRMAN caused Rocky Mountain to issue a press release announcing the Residential Resources agreement. The press release stated that "[e]ach project assigned for funding will need to pass due diligence by Residential."
55. On or about January 10, 2003 EHRMAN caused Rocky Mountain to issue a press release announcing it had agreed to purchase oil-producing properties in New Mexico for \$5.5 million. The press release would and did contain materially false

and misleading statements, including:

The purchase price for the acquisition was expected to be financed through Rocky Mountain's line of credit with Residential Resources, when in fact Rocky Mountain did not have a credit line with Residential, and Rocky Mountain omitted to disclose that Residential never did due diligence on the properties.

56. On or about January 31, 2003 EHRMAN caused Rocky Mountain to issue a press release announcing it had agreed to purchase an oil-producing property in Colorado for \$8 million. The press release would and did contain materially false and misleading statements, including:

The acquisition was expected to be funded by Rocky Mountain's \$100 million acquisition credit facility with Residential Resources, when in fact Rocky Mountain omitted to disclose that Residential never did due diligence on the property.

**The Mobile Operating L.L.C. Acquisition**

57. On or about January 9, 2003, EHRMAN, on behalf of Rocky Mountain, would and did agree to purchase all of the assets of Mobile Operating, L.L.C., an Alabama company, for \$3 million, payable in the form of \$300,000 in cash and a promissory note for the balance. The agreement allowed Rocky Mountain to pay part of the acquisition with freely-trading shares of Rocky Mountain stock.
58. Rocky Mountain would and did mislead the investing public by omitting to disclose in press releases, announcements, and in its SEC filings that it had agreed

to acquire Mobile Operating.

59. On or about February 20, 2003, EHRMAN would and did cause Rocky Mountain to file a petition in a Utah state court for a fairness hearing on the terms and conditions of the acquisition, stating that Rocky Mountain sought to acquire all of the issued and outstanding stock of Mobile Operating in exchange for 6,150,000 shares of Rocky Mountain stock
60. In the petition, Rocky Mountain would and did falsely state that Earl Hollingshead, Johnson, Cheryl Katzenstein, James Hager, Mary Nelson, John W. Ehrman, Lucille A. Ehrman, Charity Baysinger, Pam Knechtel, Xavier Arizmendi, Justeene Blankenship, and Labertew constituted all of the members of Mobile Operating, when in fact none except Hollingshead were Mobile members.
61. Furthermore, on or about February 21, 2003, pursuant to the hearing, Rocky Mountain would and did file with the Utah court:
  - a. Consent and waiver documents falsely stating that Johnson, Cheryl Katzenstein, James Hager, John W. Ehrman, Lucille A. Ehrman, Thomas G. Ehrman, Frederick Nader, Adrian Reyna, and Javier Arizmendi, several of whom were not listed on the petition, were Mobile Operating members, when in fact none were; and
  - b. A consent and waiver document appearing to have been signed by Earl Hollingshead which falsely stated that Thomas G. Ehrman, Johnson, Cheryl Katzenstein James Hager, Frederick Nader, John W. Ehrman, Jr., Lucille A. Ehrman, Charity Baysinger, Adrian Reyes [Reyna], Xavier



Arizmendi, Justeene Blankenship, and Labertew were Mobile members, when in fact they were not.

62. Based on the petition and at the conclusion of the hearing, the Utah court issued an order finding that Rocky Mountain's plan to issue and exchange shares was fair to Mobile's members and did not constitute a public securities offering by Rocky Mountain.
63. On or about February 28, 2003, EHRMAN would and did cause Rocky Mountain to issue 6,150,000 shares, which did not bear a restrictive legend, including 580,000 to Johnson.
64. Rocky Mountain would and did mislead the investing public by omitting to disclose in press releases, announcements, and in its SEC filings that it had issued 6,150,000 purportedly "free-trading" shares of Rocky Mountain stock in connection with the apparent Mobile acquisition, reducing the value of shares held by the investing public.
65. EHRMAN would and did cause shares supposedly to be issued to purported members of Mobile, instead to be issued to Johnson, in addition to the 580,000 shares Johnson received in the transaction.

**EHRMAN's Profit as a Result of the Scheme**

66. Using the four fraudulent transactions in the District Court of Utah, EHRMAN would and did gain control of more than 31 million purportedly "free-trading" shares of Rocky Mountain stock, without disclosing it to the investing public.
67. Although shares were issued to Johnson and kept in his "escrow" brokerage

accounts, EHRMAN would and did secretly direct Johnson to sell and transfer millions of them.

68. At EHRMAN'S direction, Johnson sold approximately 7.5 million shares, and EHRMAN would and did cause Johnson to wire approximately \$500,000 in proceeds from the sales to bank accounts EHRMAN controlled.
69. At EHRMAN's direction, Johnson also transferred approximately 16 million shares to third parties, including public-relations firms EHRMAN hired to promote Rocky Mountain stock, a creditor of EHRMAN's, and a personal attorney of EHRMAN's.

#### **Investor Losses as a Result of the Scheme**

70. Between July 17, 2002 and April 3, 2003, investors purchased approximately 7.2 million shares of Rocky Mountain stock for more than \$1.16 million. After April 3, 2003, Rocky Mountain stock declined from an average share price of \$.22 to pennies per share.

#### **D. EXECUTION OF THE FRAUDULENT SCHEME**

71. The Grand Jury adopts, re-alleges, and incorporates herein paragraphs 1 through 70 of this Indictment as if fully set out herein.
72. Beginning on or about June 1, 2002 and continuing to on or about April 3, 2003, in the Houston Division of the Southern District of Texas and elsewhere, JOHN N. EHRMAN, defendant herein, did willfully, unlawfully, and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce, the mails, and the facilities of a national securities exchange, use and employ

manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities issued by Rocky Mountain, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon the purchasers and sellers of Rocky Mountain securities and the investing public, on or about the following dates, as follows:

<b>Count</b>	<b>Date</b>	<b>Description</b>
1	July 17, 2002	Rocky Mountain press release
2	August 16, 2002	Rocky Mountain press release
3	October 3, 2002	Rocky Mountain press release
4	November 5, 2002	Rocky Mountain press release
5	December 3, 2002	Rocky Mountain press release
6	January 2, 2003	Form 8-K for Rocky Mountain
7	January 10, 2003	Rocky Mountain press release
8	January 14, 2003	Form 10-KSB for Rocky Mountain
9	January 31, 2003	Rocky Mountain press release
10	February 14, 2003	Form 10-QSB for Rocky Mountain

In violation of Title 17, Code of Federal Regulations, Section 240.10b-5; Title 15, United States Code, Sections 78j(b) and 78ff; and Title 18, United States Code, Section 2.

**COUNTS 11-13**  
False Filings with the SEC

[17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13;  
15 U.S.C. §§ 78m(a), 78ff; and 18 U.S.C. § 2]

73. The Grand Jury adopts, re-alleges, and incorporates herein paragraphs 1 through 70 of this Indictment as if fully set out herein.
74. On or about the dates listed below, in the Houston Division of the Southern District of Texas and elsewhere, JOHN N. EHRMAN, defendant herein, did willfully and knowingly, make and cause to be made, statements in reports and documents required to be filed with the SEC under the Securities and Exchange Act of 1934 and the rules and regulations promulgated thereunder, which statements were false and misleading with respect to material facts, as listed below:

Count	SEC Filing	Approximate Date of Filing
11	Form 8-K for Rocky Mountain	January 2, 2003
12	Form 10-KSB for Rocky Mountain	January 14, 2003
13	Form 10-QSB for Rocky Mountain	February 14, 2003

In violation of Title 15, United States Code, Sections 78m(a) and 78ff; Title 17, Code of Federal Regulations, Sections 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13; and Title 18, United States Code, Section 2.

## **NOTICE OF FORFEITURE**

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461]

75. Pursuant to Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(C), the United States gives notice that the defendant

### **JOHN N. EHRMAN**

shall forfeit to the United States all property which constitutes or is derived from proceeds traceable to a violation of Title 15, United States Code, Sections 78ff, 78j(b) and 78m(a), as charged in Counts One through Thirteen of the Criminal Indictment. The property subject to forfeiture, includes, but is not limited to, the following property:

About \$500,000.00 in United States Dollars.

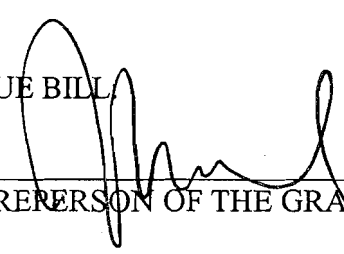
### **SUBSTITUTE ASSETS**

76. In the event that the property subject to forfeiture as a result of any act or omission of the defendant:
- a. cannot be located upon exercise of due diligence;
  - b. has been placed beyond the jurisdiction of the Court;
  - c. has been transferred or sold to, or deposited with a third party;
  - d. has been substantially diminished in value; or
  - e. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States to seek forfeiture of any other property of the

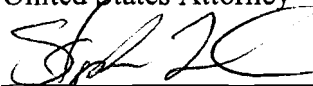
defendant up to the value of such property pursuant to Title 21, United States Code, Section 853(p), incorporated by reference in Title 28, United States Code, Section 2461.

TRUE BILL

  
\_\_\_\_\_  
FOREPERSON OF THE GRAND JURY

DONALD DeGABRIELLE, JR.  
United States Attorney

By:

  
\_\_\_\_\_  
Stephen L. Corso  
Assistant United States Attorney